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THE FUTURE--IT LIES WITH ASSOCIATIONS, (U)
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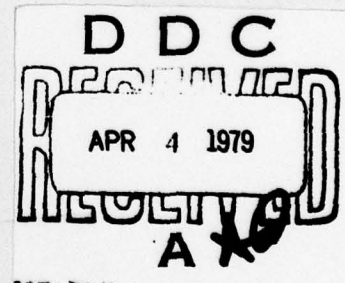
FOREIGN TECHNOLOGY DIVISION



THE FUTURE--IT LIES WITH ASSOCIATIONS

by

A. Bachurin



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U. S. BOARD ON GEOGRAPHIC NAMES TRANSLITERATION SYSTEM

Block	Italic	Transliteration	Block	Italic	Transliteration
А а	<i>А а</i>	A, a	Р р	<i>Р р</i>	R, r
Б б	<i>Б б</i>	B, b	С с	<i>С с</i>	S, s
В в	<i>В в</i>	V, v	Т т	<i>Т т</i>	T, t
Г г	<i>Г г</i>	G, g	У у	<i>У у</i>	U, u
Д д	<i>Д д</i>	D, d	Ф ф	<i>Ф ф</i>	F, f
Е е	<i>Е е</i>	Ye, ye; E, e*	Х х	<i>Х х</i>	Kh, kh
Ж ж	<i>Ж ж</i>	Zh, zh	Ц ц	<i>Ц ц</i>	Ts, ts
З з	<i>З з</i>	Z, z	Ч ч	<i>Ч ч</i>	Ch, ch
И и	<i>И и</i>	I, i	Ш ш	<i>Ш ш</i>	Sh, sh
Й й	<i>Й й</i>	Y, y	Щ щ	<i>Щ щ</i>	Shch, shch
К к	<i>К к</i>	K, k	Ъ ъ	<i>Ъ ъ</i>	"
Л л	<i>Л л</i>	L, l	Ы ы	<i>Ы ы</i>	Y, y
М м	<i>М м</i>	M, m	Ь ь	<i>Ь ь</i>	'
Н н	<i>Н н</i>	N, n	Э э	<i>Э э</i>	E, e
О о	<i>О о</i>	O, o	Ю ю	<i>Ю ю</i>	Yu, yu
П п	<i>П п</i>	P, p	Я я	<i>Я я</i>	Ya, ya

*ye initially, after vowels, and after ъ, ь; e elsewhere.
When written as ё in Russian, transliterate as yě or ě.

RUSSIAN AND ENGLISH TRIGONOMETRIC FUNCTIONS

Russian	English	Russian	English	Russian	English
sin	sin	sh	sinh	arc sh	sinh ⁻¹
cos	cos	ch	cosh	arc ch	cosh ⁻¹
tg	tan	th	tanh	arc th	tanh ⁻¹
ctg	cot	cth	coth	arc cth	coth ⁻¹
sec	sec	sch	sech	arc sch	sech ⁻¹
cosec	csc	csch	csch	arc csch	csch ⁻¹

Russian	English
rot	curl
lg	log

THE FUTURE--IT LIES WITH ASSOCIATIONS

A. Bachurin, Deputy Chairman of Gosplan USSR

The economic reform which has been underway since the beginning of the five-year plan has made it possible to achieve a marked improvement in production efficiency indicators and accelerate rates of growth in national income. At the same time, experience indicates that "effectiveness" of the reform is determined to a large extent by the level of work done on further improving control and planning procedures and, in particular, on the organization of associations. This article is devoted to the problems involved in the organization of various types of association in industry.

The fundamental principle of the reform--the proper mix of centralized control and planning and the development of maximum economic initiative and independence on the part of enterprises--is more consistently implemented in large enterprises and in production associations. They dispose of experienced personnel and the organizational, technical, and financial resources necessary to achieve high and steady rates of growth in labor productivity, yield on capital, and profitability. Large enterprises and firms more successfully reequip their facilities; introduce phased, technological specialization; and improve production quality. They can make more effective use of the economic incentive funds for these purposes, including the production development fund.

Many associations in Leningrad (the Optical-Mechanical, "Elektrosila," the Machine Tool Manufacturing Association imeni Sverdlov, the Machine-Building Association imeni K. Marx, and others), as well as in Moscow, Gor'kiy, Sverdlovsk, the Ukraine, Belorussia, and Latvia have achieved good results. From data from the TsSU SSSR [Central Statistical Administration of the USSR] on the performance results of 563 manufacturing associations for 1969 we can see that their indices in the most important areas are better than those for industry as a whole. While for industry as a whole gross production grew by 7 and labor productivity by almost 5 percent, the indices in these categories with respect to associations increased by 8.5 and 7.1 percent respectively.

It should be pointed out that the concentration of industrial production in our country, in terms of both enterprise size and number of workers and the technical equipment available per worker, has reached a high level. Until recently this occurred basically as the result of the construction of large enterprises, not infrequently with a full production cycle. At the same time there remained in existence tens of thousands of small plants and factories. Of the total number of enterprises in our industry, over half employ fewer than 200 workers. Cooperation among these enterprises and the creation of associations can increase substantially the efficiency of all industrial production.

At the September 1965 plenum of the CC CPSU it was declared that the establishment of branch [otraslevoy--TR.] ministries is only the beginning of the process of strengthening branch-level direction in industry; this calls for its further improvement on the basis of the development of cost-accounting associations.

Our manufacturing associations, especially large all-Union, republic or territorial associations, have until now been formed in isolated branches. Much work is yet to be done on the organization of these economic complexes. In our view, this is one of the important tasks to be accomplished in the area of improving the management of our industry at the present time.

Branch management is now chiefly a function of administrative organs--the main administrations. In their present form they do not dispose of the resources necessary for a widespread employment of economical administrative methods. The main administrations [glavki--TR.] cannot assure the development of highly specialized production and mutual economic responsibility for the results of branch or subbranch operations as a whole. Cost-accounting relations have consequently not been developed to the necessary extent.

Accumulated experience permits us to conclude that the concentration of production in our country can and should occur along two most important lines. These are, first, the enlargement of enterprises and the organization of manufacturing associations, in which managerial functions are, in a majority of cases, concentrated in main plants. Then second, the organization of large economic-production complexes in the form of all-Union, republic, or territorial industrial associations.

The former includes the decisive level of industrial operations--the enterprises directly. The formation of firms here depends to a great extent on not only central departments and local organs, but also on plant and factory managers and their own initiative. Experience shows that where firms develop on the basis of an optimum specialization of all component units and become unified production-technological complexes, they produce a great economic effect. The main enterprises in these associations allocate a substantial portion of their technical, material, and financial resources to the modernization and development of their subordinate production units.

Where enterprises essentially only formally become part of a firm, continue their own separate operations, and do not concern themselves with necessary modernization and specialization of production, associations prove to be unstable and inefficient. The Kishinev association of dairy enterprises, for example, has come

to such a pass. At the same time, the association of carpet-making factories of the Moldavian SSR has achieved good results, thanks to the specialization of small enterprises.

In the process of organizing manufacturing associations it is necessary to overcome localistic tendencies. Here is one characteristic item: republic organs in the Georgian SSR have rejected the proposal to create within the dairy industry specialized inter-regional combines in place of the large number of existing small enterprises. Situations such as this may be explained to a certain extent by the fact that in the process of the formation of associations of enterprises, republics and oblasts lose their allocations in the local budget. In addition, manufactured products sometimes are shipped beyond oblast or republic boundaries, a state of affairs with which local organs do not always agree. None of this, however, can serve as any serious justification for the preservation of small-scale, nonspecialized production.

Experience teaches that close ties between enterprises and scientific and design organizations within the framework of an association accelerate the process of scientific-technical and planning and design work and the testing, final development, and introduction into operation of the results. Advanced associations, such as, for example, the Leningrad Optical-Mechanical Association, the Moscow Automobile Plant imeni Likhachev, and others, are centralizing many production management functions and introducing an automated control system which makes broad use of computer technology. This is making it possible to establish the control function on a scientific basis and reduce the number of superfluous structural subunits and administrative personnel.

As opposed to a mechanical enlargement of enterprises, the organization of firms involves the establishment of a single manufacturing complex which must be allowed a number of additional rights.

This is why it is to advantage to create new associations in conformity with previously drawn up plans with a technical-economic basis of optimum scales, structure, and efficiency of the projected complexes.

Manufacturing associations represent a new stage in the development of enterprises, a stage in which the branch principle of industrial management is more properly combined with the territorial and there is achieved a higher level of concentration and specialization of production.

There is now no special statute governing manufacturing associations. In our view, their rights and responsibilities should continue in the future to be regulated **primarily** by the existing statute governing state socialist enterprises. Manufacturing associations can make much better use than can individual enterprises of the broad economic, financial, and administrative rights it allows. At the same time, provisions need to be added to the statute on enterprises dealing with the rights and responsibilities of these associations. Gosplan USSR, together with other agencies, is working on these amendments. Scientific-manufacturing associations merit special attention. Their structure, tasks, rights and obligations, and their place in the overall system of industrial management should be more precisely defined.

The second line of development, that of the concentration of production and increasing its level of specialization, consists of the creation of large branch or multi-branch economic-production complexes. Together with individual enterprises, they would to advantage include scientific research institutes and planning and design and other organizations. Of great promise are all-Union cost-accounting associations encompassing all subbranch production or a substantial portion of it. Such associations have been set up within the chemical, light, and food industries and may be organized in the machine-building industry.

Both all-Union, but especially republic and territorial, cost-accounting associations are to be set up in branches manufacturing consumer goods. In this case it is especially necessary to arrive at the right mix of branch and territorial principles of industrial management.

There are now, and there will be new, large territorial cost-accounting associations in branches of the extractive industries. They are to be comprised of individual enterprises located in economic regions in which are concentrated sufficient reserves of mineral raw materials or energy-producing resources. In the coal industry, for example, these territorial associations take the form of combines.

The main distinguishing feature of these associations consists in the fact that here are set up special economic administrative organs constituting the middle level of industrial management. As opposed to a main administration, this organ performs primarily managerial functions; it is not part of the ministerial apparatus and provides independent direction of enterprise operations. It is to advantage to allow it for this purpose the requisite administrative rights and centralized funds and resources.

Disposing of material-technical means, large associations can bear not only administrative, but also material, responsibility for the overall results of subbranch operations as a whole. The task consists of gradually transforming all-Union cost-accounting associations into unified industrial-management complexes capable of independently resolving the complex problems of scientific and technological development and bearing full responsibility for satisfying the country's need for one product or another.

In view for the future is making large state cost-accounting associations responsible for active administrative direction of enterprise operations, for their modernization and technical

improvement, and for the development of soundly based plans and the organization of their implementation. Ministerial activity can then be concentrated to a greater degree on the drawing up and realization of long-range plans for the development of the branch as a whole and the implementation of a single scientific and technical policy.

One of the tasks of large associations is the creation of the organizational and economic conditions necessary for the consistent development of an interest in cost-effectiveness, initiative, and enterprise responsibility for the effective resolution of administrative problems. Associations need to be allowed greater rights, but not at the expense of more limited rights for enterprises. This problem may be resolved by further expanding the rights of ministries and increasing ministerial responsibility for the development of a branch as a whole.

The formation of all-Union or republic state industrial associations not only does not exclude, but, on the contrary, assumes the development of concentrated production, the local creation of new firms, and broad initiative and independence on the part of large enterprises. Further improvement is therefore necessary in the managerial and cost-accounting operations of such enterprises and firms. By attaching to them new branches and design or scientific organizations, associations should be enlarged where it is to economic advantage. This will make it possible in a number of cases to subordinate firms directly to ministries, bypassing main administrations, and expand the utilization of the two-level system of management in industry.

It will be to advantage for ministries within the next year and a half or two years to develop and implement plans for improving the administrative organization of each branch. The ministries of the coal, instrument-making, and petroleum industries already have such a plan. But they still have much to do to complete

the formation of a system of industrial associations corresponding to the requirements of scientific-technical progress and the economic reform.

In our view, there should be set up in the nearest future in all branches of industry model demonstration associations employing advanced managerial and administrative methods in order to make future use of this experience in the organization of new industrial complexes.

All this is, of course, not a concern of individual ministries alone. Many common problems arise related to production management, planning, financing, wages, material and technical supply, scientific development, and the training and retraining of personnel. The proper and expeditious resolution of these problems is the direct responsibility of the appropriate agencies, organs, and scientific institutions. The Leningrad seminar held to study the operation of associations showed that local party and soviet organizations play an enormous role in establishing and developing them. Success in the work involved in the formation and operation of associations depends to a decisive extent on their initiative, attention, and assistance.

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